

Message Text

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ACTION STR-04

INFO OCT-01 ARA-06 EUR-12 NEA-10 IO-13 ISO-00 STRE-00
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EB-07 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15 ITC-01
TRSE-00 PRS-01 SP-02 OMB-01 AF-10 EA-07 OIC-02
NSCE-00 SSO-00 USIE-00 INRE-00 /130 W
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O R 171843Z MAY 77
FM USDEL MTN GENEVA
TO SECSTATE WASHDC IMMEDIATE 2467
INFO AMEMBASSY BRASILIA
AMEMBASSY BUENOS AIRES
AMEMBASSY KINGSTON
AMEMBASSY MEXICO
AMEMBASSY NEW DELHI
USMISSION OECD PARIS
USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 1 OF 2 MTN GENEVA 3848

ACTION STR

H PASS CODEL

E.O. 11652: N/A
TAGS: ETRD, MTN
SUBJ: MTN: TROPICAL PRODUCTS GROUP; REPORT OF SEVENTH MEETING

REF: MTN GENEVA 3578 AND PREVIOUS

1. SUMMARY: DURING SEVENTH MEETING OF MTN TROPICAL PRODUCTS
(TP) GROUP, LDCS EXPRESSED CONSIDERABLE DISSATISFACTION
WITH TP OFFERS THAT HAD BEEN IMPLEMENTED AND THEIR STRONG
DESIRE FOR IMPROVEMENTS, WHILE CRITICIZING US FOR NOT YET
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HAVING IMPLEMENTED ITS OFFER, EVEN ON A "PROVISIONAL" BASIS.
LDCS, WHO HAD EXPECTED MORE SPECIFIC REFERENCE TO TP IN
DOWNING STREET SUMMIT, QUOTED APPENDIX ON INVIGORATING MTN
AND SPECIAL BENEFITS FOR LDCS AS HOPEFUL BELLWETHER FOR MORE
FORTHCOMING DC ATTITUDE IN TP NEGOTIATIONS. MOST DCS
STATED THAT IMPLEMENTED OFFERS WERE AS FAR AS THEY
WERE PREPARED TO GO WITHIN CONTEXT OF TP NEGOTIATIONS,
POINTING OUT POSSIBILITY FOR PROGRESS ON UNFULFILLED TP
REQUESTS IN OTHER MTN GROUPS. US MTN DEL REPEATED THAT
IT WAS CONTINUING CONSULTATIONS WITH SOME LDC DELS

WHICH MIGHT LEAD TO EVENTUAL IMPLEMENTATION OF PART OF US TP OFFER, IF SATISFACTORY CONTRIBUTIONS WERE FORTHCOMING FROM PRINCIPAL BENEFICIARIES. MEETING CONCLUDED WITHOUT ADOPTING NEW PROCEDURES, AFFIRMED THAT CONSULTATION PROCESS SHOULD CONTINUE WHILE CLOSELY FOLLOWING DEVELOPMENTS IN OTHER MTN GROUPS, AND POSTPONED CONSIDERATION OF NEW MEASURES TO ACHIEVE FURTHER PROGRESS TO NEXT TP MEETING IN THE LIGHT OF DEVELOPMENTS IN TP CONSULTATIONS AND ELSEWHERE IN MTN. END SUMMARY.

2. SEVENTH MEETING OF MTN TP GROUP HELD MAY 12-13 UNDER CHAIRMANSHIP OF ARGENTINE AMBASSADOR MARTINEZ. FIRST MORNING SESSION CONSISTED ENTIRELY OF STATEMENTS BY LDC DELEGATIONS WHICH WERE HIGHLY CRITICAL OF DC TP OFFERS. JAMAICA DEL (AMBASSADOR WALKER), CHAIRMAN OF INFORMAL GATT LDC CAUCUS, PRESENTED BASIS LDC POSITION. SPEAKING MORE IN SORROW THAN IN ANGER, WALKER NOTED DISAPPOINTMENT OF LDCS THAT MORE HAD NOT BEEN ACCOMPLISHED ON LDCS' TROPICAL PRODUCT REQUESTS IN SPIRIT OF TOKYO DECLARATION. WALKER AND OTHER LDC DELS NOTING OMISSION OF TP AS KEY AREA OF MTN IN DOWNING STREET SUMMIT COMMUNIQUE, MADE NUMEROUS REFERENCES TO APPENDIX, WITH ITS EMPHASIS ON REVITALIZING THE MTN AND ASSURING SPECIAL BENEFITS TO LDCS, AND THEIR HOPE THAT THIS WOULD RESULT IN MORE FORTHCOMING DC ATTITUDE IN TP NEGOTIATIONS. LDCS WERE DETERMINED TO KEEP TP GROUP OPEN AS A NEGOTIATING LIMITED OFFICIAL USE
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FORUM IN WHICH TO SEEK IMPROVEMENTS IN DC OFFERS, AND SEVERAL LDCS MENTIONED THEY WERE PREPARING ADDITIONAL TP REQUEST LISTS. WALKER NOTED THAT THE NONIMPLEMENTATION BY THE US OF ITS TP OFFER WAS A KEY PROBLEM OF THE GROUP, AND CALLED FOR EFFORTS TO RECONCILE THE WIDELY VARYING POSITIONS ON RECIPROCITY. HE NOTED THAT US WAS NOW BEING BLAMED FOR THE LESS THAN FORTHCOMING ATTITUDE OF OTHER DC DELEGATIONS IN IMPROVING THEIR TP OFFERS. (IN ONLY SUBSEQUENT REMARK ON WALKER'S STATEMENT, CANADIAN DEL (GORE) SAID THAT US NONIMPLEMENTATION HAD HAD NO AFFECT ON CANADA'S TP OFFER.)

3. CRITICISM OF US TP OFFER - LDC DELS REPEATEDLY CALLED ON US TO IMPROVE AND IMPLEMENT ITS TP OFFER. SEVERAL LDC DELS (JAMAICA AND ARGENTINA) NOTED POSSIBILITY OF US IMPLEMENTING ON A "PROVISIONAL" BASIS. BOTH SENEGAL AND JAMAICA MENTIONED PROBLEM OF ACP COUNTRIES WHICH HAD FOUND THEIR EC PREFERENCES ERODED BY EC TP OFFER WHILE GAINING "NOTHING" IN TP NEGOTIATIONS TO DATE AS US HAD NOT IMPLEMENTED ITS MFN OFFER. MEXICAN DEL (DELGADO) NOTED THAT MEXICAN DEL HAD HELD TWO CONSULTATIONS WITH US DEL TO CONSIDER TECHNICAL DETAILS OF US OFFER AND RANGE OF CONTRIBUTIONS US WAS SUGGESTING. MEXICAN DEL

SAID THAT US WOULD HAVE TO IMPROVE ITS OFFER SUBSTANTIALLY IF MEXICO WAS TO THINK OF MAKING CONTRIBUTIONS WITHIN THE GLOBAL CONTEXT OF THE MTN. INDIAN DEL (HEMRAJANI) ALSO ACKNOWLEDGED DETAILED TP CONSULTATIONS WITH US.

4. US RESPONSE TO LDC CRITICISM - IN LOW-KEY REPLY, US MTN DEL (GRAEF) NOTED THAT US POSITION WAS WELL KNOWN, THAT US HAD ENGAGED AND WAS ENGAGING IN SERIOUS AND USEFUL CONSULTATIONS WITH A VIEW TOWARDS IMPLEMENTING ITS OFFER, AND URGED THAT THIS PROCESS CONTINUE. US DEL REPEATED THAT US NOT PREPARED TO MAKE UNILATERAL CONCESSIONS IN MTN.

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5. CRITICISM OF OTHER DC OFFERS - OFFERS OF OTHER DCS WERE HARSHLY CRITICIZED BY MANY LDC DELS WITH PAKISTANI DEL (HAMID) CALLING OFFERS "NIGGARDLY" AND "PADDED" WITH ITEMS OF NO REAL TRADE INTEREST TO LDCS HAD NOT BEEN RESPONDED TO. LACK OF ACTION ON NTMS WAS ALSO POINTED OUT BY MANY DELS. BRAZIL DEL (BARTHEL ROSA) NOTED IT UNFORTUNATE THAT MANY DELEGATIONS HAD INTERPRETED PRIORITY TREATMENT FOR LDCS IN TP GROUP FROM TOKYO DECLARATION TO MEAN ADVANCED IMPLEMENTATION IN TIME, WHEREAS MORE MEANINGFUL DEFINITION WOULD BE "EFFECTIVE LIBERALIZATION OF TRADE." INSECURITY OF GSP CONTRIBUTIONS IN DC TP OFFERS WAS SEVERELY CRITICIZED BY MANY LDC DELS WHO CALLED FOR IMMEDIATE BINDING OF ALL CONCESSIONS AND CONTRIBUTIONS THAT HAD BEEN MADE. EGYPTIAN DEL (HAMZA) NOTED THAT TARIFF FORMULA WOULD ERODE MARGINS OF GSP CONTRIBUTIONS MADE IN TP GROUP, AND SUGGESTED THAT FURTHER CONSIDERATION SHOULD BE GIVEN TO MEANS TO "COMPENSATE" LDCS FOR ANY EROSION OF TP CONTRIBUTIONS THAT RESULTED FROM WORK IN OTHER MTN GROUPS.

6. DC RESPONSE TO LDC CRITICISM - NEARLY ALL DCS THAT SPOKE EMPHASIZED THAT THEY WERE NOT RULING OUT ACTIONS ON LDC REQUESTS IN TP GROUP IN OTHER AREAS OF THE MTN, BUT THAT PRESENT DC OFFERS WERE AS FAR AS DCS WERE PREPARED TO GO UNDER TP GROUP PROCEDURES (READ -- LDC REFUSAL TO CONSIDER CONTRIBUTIONS TO TRADE LIBERALIZATION IN TP GROUP.) ONLY NEW ZEALAND NOTED THAT IT WAS OPEN TO FURTHER IMPROVEMENTS IN ITS TP OFFER OF GSP CONCESSIONS. JAPANESE DEL (UKAWA) WAS PARTICULARLY CONCERNED THAT SUMMARY OF THE MEETING NOT GIVE INDICATION THAT FURTHER DC CONTRIBUTIONS OR CONCESSIONS WERE LIKELY. CANADA AND EC (ABBOTT) NOTED THAT QUESTION OF BINDING MFN REDUCTIONS WAS NOT IMPORTANT AS BOTH THESE COUNTRIES CONSIDERED BINDING AS EFFECTIVE FROM DATE OF PUBLIC ANNOUNCEMENT. CANADA DEL NOTED THAT IS WAS WILLING TO CONSIDER ANY

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PARTICULAR PROBLEMS ON INDIVIDUAL PRODUCTS THAT MIGHT
ARISE DUE TO TARIFF FORMULA ERODING GSP PREFERENCE
MARGINS. EC DEL EMPHASIZED ITS BELIEF THAT GSP CONTRI-
BUTIONS DID HAVE SIGNIFICANT TRADE VALUE AND NOTED EC
HAD MADE SIGNIFICANT EFFORT TO BE FORTHCOMING. EC HAD
DONE WHAT IT COULD IN TP, AND WOULD EXPECT CONTRIBUTIONS
IN THE COURSE OF THE NEGOTIATIONS. ABBOTT ASKED
RHETORICALLY IF DCS WERE NOW BEING TOLD THAT OFFERS
WERE INADEQUATE SO THAT LATER THEY WOULD BE TOLD BY
LDCS THAT THERE WERE NO SPECIAL BENEFITS FROM TP
NEGOTIATIONS.

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NSCE-00 SSO-00 USIE-00 INRE-00 /130 W
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O R 171843Z MAY 77
FM USDEL MTN GENEVA
TO SECSTATE WASHDC IMMEDIATE 2468
INFO AMEMBASSY BRASILIA
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ACTION STR

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7. LDC CONTRIBUTIONS TO TP NEGOTIATIONS - MOST LDCS
WHO SPOKE REAFFIRMED THAT THEY WOULD MAKE CONTRIBUTIONS
TO THE NEGOTIATIONS IN RELATION TO THE "NET"
ADDITIONAL BENEFITS THAT RESULTED FROM THE MTN AS A
WHOLE TO THEIR COUNTRIES. BRAZIL NOTED THAT IT CON-
SIDERED THAT CONTRIBUTIONS IT HAD RECEIVED TO DATE HAD

BEEN "UNILATERAL" AND THUS BRAZIL WAS NOT
COMMITTED TO THEM AND HENCE NOT OBLIGED TO
MAKE ANY CONTRIBUTIONS FOR WHAT HAD BEEN RECEIVED TO
DATE. HOWEVER, BRAZIL WOULD MAKE CONTRIBUTIONS AT THE
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END OF THE DAY, JUST BEFORE THE "LIGHTS GO OFF IN THE
CONFERENCE ROOM", AND BELIEVED OTHER DELEGATIONS
WERE IN A SIMILAR SITUATION OF NOT AGREEING ON THEIR
CONTRIBUTIONS UNTIL THEY SAW WHAT THE FINAL RESULTS
WOULD BE. AND EANS ALSO NOTED PAYMENT ACCEPTABLE AT
END OF DAY, BUT THAT THEY REJECTED CONCEPT OF PAYING
FOR CONCESSIONS THEY HAD NOT REQUESTED. INDIAN DEL,
HOWEVER, POINTEDLY DROPPED REQUIREMENT THAT CONTRIBU-
TIONS BE MADE ONLY AT THE "END OF THE DAY", STATING
INDIA PREPARED TO "MAKE CONTRIBUTIONS TO MTN AS A
WHOLE". MEXICAN DEL, MORE STRONGLY, HINTED THAT
CONTRIBUTIONS POSSIBLE, STATING THAT "EVEN IF MEXICO
WERE TO CONTRIBUTE TO TP NEGOTIATIONS, IT WOULD BE
CONDITIONAL ON ACHIEVING S&D IN OTHER AREAS
OF THE MTN." AMB WALKER OF JAMAICA SAID LDCS WOULD HAVE
"OVERWHELMING DIFFICULTY" (I.E., NOT IMPOSSIBILITY) IN
DECIDING ON CONTRIBUTIONS BEFORE THE END OF THE
NEGOTIATIONS. (COMMENT: ALL THREE DELEGATIONS
POINED OUT PRIVATELY TO US DEL THAT THEIR PHRASING
WAS DELIBERATE TO INDICATE SOME NEW FLEXIBILITY IN
TIMING OF THEIR POSSIBLE CONTRIBUTIONS.)

8. FUTURE WORK OF TP GROUP - PREPARATION OF CHAIRMAN'S
SUMMING UP ON HIS OWN RESPONSIBILITY WAS MOST
DIFFICULT ASPECT OF MEETING. NO DELEGATIONS OBJECTED
TO CONTINUING BILATERAL AND PLURILATERAL CONSULTATIONS
AS HAD BEEN HELD IN THE PAST. THERE WERE, IN ADDITION,
NUMEROUS PROPOSALS BY LDCS FOR MULTILATERAL ACTION IN
THE TP GROUP TO AVOID UNDUE "BILATERALIZATION" OF THE
NEGOTIATIONS AND TO ACHIEVE TRANSPARENCY, WITH
PROPOSALS CENTERING ON SOME PROCEDURE FOR TP GROUP
REVIEW AT SOME STAGE OF THE REASONS AND JUSTIFICATIONS
FOR ANY REMAINING DC TARIFFS OR NTMS ON TROPICAL
PRODUCTS. ISRAEL AND MEXICO PROPOSED A "FORMULA" FOR
TARIFF REDUCTIONS IN TP GROUP, INCLUDING A CONFRONTATION
AND JUSTIFICATION EXERCISE. BRAZIL SUGGESTED TP GROUP
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SERVE AS A TYPE OF "SURVEILLANCE BODY" TO REVIEW IN
OTHER MTN GROUPS WHAT HAS HAPPENING ON ITEMS REQUESTED
BY LDCS IN TP GROUP. CHAIRMAN MARTINEZ REMINDED THE TP
GROUP THAT ITS MANDATE DID NOT INCLUDE REVIEWING THE

WORK OF OTHER GROUPS. THESE PROPOSALS CAUSED SEVERAL DCS TO RECALL THAT GROUP HAD PROCEEDED IN A PRAGMATIC WAY CONCERNING DEFINITION OF A TROPICAL PRODUCT, WHICH WOULD NEED TO BE GIVEN FURTHER CONSIDERATION IN ANY POSSIBLE MULTILATERAL REVIEW OF TROPICAL PRODUCTS. CANADA WAS PARTICULARLY OPPOSED TO ANY NEW MULTILATERAL PROCEDURES AS WAS JAPAN, BELIEVING THAT BILATERAL MEETINGS WERE MOST PRODUCTIVE. LACKING AGREEMENT ON ANY NEW MULTILATERAL MECHANISM, THE GROUP WILL REVERT TO THIS QUESTION AT ITS NEXT MEETING. GROUP AGREED TO FOLLOW ACTION ON PRODUCTS REQUESTED IN TP GROUP IN OTHER MTN GROUPS, AND TO SEND TP MATERIALS TO OTHER MTN GROUPS. AT ITS NEXT MEETING, TP GROUP WOULD EXAMINE THE RESULTS IN THE TP GROUP TO THAT DATE, WITH THE HELP OF THE SECRETARIAT IN CONSULTATION WITH DELEGATIONS. CHAIRMAN NOTED THAT GROUP COULD MEET AGAIN AFTER AN "ADEQUATE" INTERVAL TO REVIEW RESULTS ACHIEVED AND TO SEE IF US AND LDC DELS HAD BEEN SUCCESSFUL IN OVERCOMING PRESENT IMPASSE.

9. COMMENT: LDCS ACHIEVED THEIR BASIC OBJECTIVE OF KEEPING TP GROUP OPEN AND ACTIVE, THUS ASSURING FUTURE MEETINGS OF THE GROUP TO -- INTER ALIA -- KEEP PRESSURE ON THE US TO IMPLEMENT. WHILE NOT REJECTING RESULTS THUS FAR, LDC STATEMENTS FOCUSED ON NEED FOR MORE MEANINGFUL AND SECURE CONCESSIONS RATHER THAN ON RAPID IMPLEMENTATION. THIS TREND, COUPLED WITH DELIBERATE STATEMENTS BY JAMAICA, MEXICO, AND INDIA (PARA 7 ABOVE) INDICATE THAT LDCS ARE COMING TO THE RECOGNITION THAT MEANINGFUL DC CONCESSIONS WILL REQUIRE THEIR CONTRIBUTIONS. THEY NOW SEEM DOUBTFUL ABOUT A CHANGE IN US POSITION AND LIMITED OFFICIAL USE

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ACCORDINGLY APPEAR TO BE SEARCHING FOR A MEANS TO COMPROMISE WITH US. END COMMENT. WALKER

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